UNITED
NATIONS

S

Security Council

Distr.
GENERAL

S/25863
27 May 1993

ORIGINAL: ENGLISH

REPORT OF THE SECRETARY-GENERAL PURSUANT TO PARAGRAPH 5 OF SECURITY COUNCIL RESOLUTION 778 (1992)

INTRODUCTION

1. The present report is submitted pursuant to paragraph 5 of Security Council resolution 778 (1992) adopted on 2 October 1992, by which the Council requested the Secretary-General to ascertain the whereabouts and amounts of petroleum and petroleum products and the proceeds of sale referred to in paragraphs 1 and 2 of resolution 778 (1992), drawing on the work already done under the auspices of the Compensation Commission, and to report the results to the Security Council as soon as possible.

2. By a note dated 14 October 1992, the Secretary-General brought resolution 778 (1992) to the attention of all Permanent Representatives and Permanent Observers to the United Nations.

3. On 26 October 1992, a note verbale was sent, requesting all States to provide, by 30 November 1992, all relevant information to the Secretary-General for the effective implementation of resolution 778 (1992). By early December 1992 only 33 States had replied, and a reminder was sent on 16 December 1992.

I. INFORMATION PROVIDED BY MEMBER STATES AND OBSERVERS

4. As of 30 April 1993 the following 62 countries had replied to the Secretary-General's request: Antigua and Barbuda (S/24906), Australia (S/24967), Austria (S/24888), Brazil (S/25737), Brunei Darussalam (S/24927), Botswana (S/25316), Bulgaria (S/24887), Canada (S/25245), Chad (S/25416), Chile (S/24944), China (S/24885), Colombia (S/24994, S/25223), Croatia (S/25060), Cuba (S/25729), Cyprus (S/25073), Denmark (S/24898), Ecuador (S/24903), Estonia (S/25153), Ethiopia (S/24957), Finland (S/24975), France (S/24886), Germany (S/24907), Greece (S/25275), Hungary (S/25173), India (S/24909), Iran (Islamic Republic of) (S/25035), Ireland (S/24890), Israel (S/25323), Italy (S/24911), Japan (S/24993), Kuwait (S/25750), Liechtenstein (S/24899), Luxembourg (S/25348), Malta (S/24896), Mexico (S/25104), Mongolia (S/24910), Morocco (S/24919), Myanmar (S/25119), Netherlands (S/24891), New Zealand (S/24945), Norway (S/24962), Oman (S/24947), Pakistan (S/24972, S/25292), Poland (S/25223),

Portugal (S/24920), Republic of Korea (S/24904), Romania (S/25001), Russian Federation (S/24897), Rwanda (S/25083), San Marino (S/25383), Singapore (S/24889), Spain (S/24958), Sweden (S/25138), Switzerland (S/24901), Thailand (S/24908), Trinidad and Tobago (S/25059), Tunisia (S/24998), Ukraine (S/24905), United Arab Emirates (S/25208), United Kingdom of Great Britain and Northern Ireland (S/24995), United States of America (S/24902) and Venezuela (S/25209).

5. The Government of Greece indicated in its note verbale of 3 February 1993 (S/25275) that a number of banks in Greece held a total of $276,000 representing the proceeds of the sale of oil products.

6. In its reply of 15 December 1992 (S/24993), the Government of Japan indicated that the Bank of Tokyo was holding assets totalling $48.88 million. The Government of Japan stated, however, that all of the funds held were subject to, or had to satisfy, the rights of a third party and that consequently no funds could be transferred to the escrow account.

7. The Government of Tunisia, in its note verbale dated 18 December 1992 (S/24998), indicated holdings of Iraqi funds totalling $15.8 million from oil transactions and stated that the funds had already been used in partial settlements of Iraq's debts to Tunisia.

8. The Government of the United States of America, in its note verbale of 30 November 1992 (S/24902), indicated that it held a total of $637.4 million in Iraqi assets subject to the provisions of resolution 778 (1992). It also stated that it was prepared to transfer $200 million of this total to the escrow account, as long as the amount transferred at no time exceeded 50 per cent of the total funds contributed or transferred to the escrow account.

9. None of the remaining 58 States which responded to the Secretary-General's request for information indicated that they had any petroleum or petroleum products or frozen assets subject to the provisions of resolution 778 (1992).

II. EXPENDITURE AND ESTIMATED COSTS OF UNITED NATIONS ACTIVITIES

10. Paragraph 5 (b) of resolution 778 (1992) requested the Secretary-General to ascertain the costs of United Nations activities concerning the elimination of weapons of mass destruction, the provision of humanitarian relief in Iraq, and the other United Nations operations specified in paragraphs 2 and 3 of resolution 706 (1991).

11. The table below provides the estimated expenditures for the various activities related to the implementation of Security Council resolutions 687 (1991) and 706 (1991) from their inception to 31 December 1993. Also shown are the resources made available from the escrow account or from direct contributions as well as the estimated amount of funding still needed in 1993 for each of these activities. The latter estimates are based on the most current information available and are subject to change as operational requirements and plans are revised or updated.

Table

Estimated expenditures and resources made available, and additional funding needed in 1993, for activities authorized under the provisions of Security Council resolutions 687 (1991) and 706 (1991)

(In millions of United States dollars)

	Estimated expenditure requirements from inception to December 1993 a/	Resources made available from escrow account and contributions	Estimated additional funding necessary
United Nations Compensation Commission	22.6	21.0	1.6
United Nations Special Commission	72.2	37.9	34.3
Return of Kuwaiti property	4.2	4.0	0.2
Iraq-Kuwait Boundary Demarcation Commission	6.7	4.3	2.4
Sale of Iraqi petroleum and miscellaneous	0.6	0.0	0.6
Total	106.3	67.2	39.1

a/ Includes cost estimates for 1993 totaling $72.5 million.

12. Total estimated costs of the United Nations Inter-agency Humanitarian Programme for Iraq, which are summarized in the annex, are projected to be $489.2 million for the period 1 April 1993 to 31 March 1994. These estimates are based on the sum of specific project proposals that represent only the most urgent requirements. They do not constitute an exhaustive list of projects to be implemented as part of this programme, and other project proposals may be identified and examined in the future.

III. ESTABLISHMENT OF THE ESCROW ACCOUNT AND RECEIPTS TO DATE

13. A competitive bidding exercise was conducted to select a commercial bank in which to establish the United Nations escrow account. Proposals were sought only from the top credit-rated banks in the world which were also capable of providing for the operational and information needs of the United Nations. Based on its high credit ratings, lack of involvement in South Africa and lowest investment management fees for deposit amounts up to $100 million, Morgan Guaranty Trust Co. of New York was selected. The escrow account was opened at Morgan in December 1992.

14. As of 30 April 1993 a total of $101.5 million had been received into the escrow account. The total includes a $30 million voluntary contribution from Saudi Arabia, a $20 million voluntary contribution from Kuwait, a $50 million transfer of frozen assets from the United States of America and a $1.5 million voluntary contribution from the United Kingdom of Great Britain and Northern Ireland.

15. A bank account for the subaccount of the escrow fund referred to in paragraph 11 of resolution 778 (1992) has also been opened at Morgan Guaranty Trust Co., but this account has not yet received any funds.

IV. UTILIZATION OF THE ESCROW ACCOUNT FUNDS

16. As of 30 April 1993 the entire total of $101.5 million received into the escrow account had been designated for the purposes specified in Security Council resolutions 687 (1991) and 706 (1991), taking into account preferences expressed by States transferring or contributing funds, as follows:

(a) $33 million had been designated for the United Nations Special Commission authorized under section C of resolution 687 (1991). As of 30 April 1993, a total of $31.5 million had been expended by the Special Commission;

(b) $21 million had been designated for, and the full amount transferred to, the United Nations Compensation Commission. As of 30 April 1993, $6.6 million of this total had been expended;

(c) $4 million had been designated for costs incurred by the United Nations in facilitating the return of Kuwaiti property seized by Iraq. As of 30 April 1993, $2.7 million of this total had been expended;

(d) $2 million had been designated towards Iraq's one half share of the costs of the Boundary Demarcation Commission. As of 30 April 1993, a total of $3.7 million had been expended by the Boundary Demarcation Commission;

(e) $41.5 million had been designated for various humanitarian activities in Iraq. $40 million of this total was for activities in Iraq prior to 31 March 1993; as of 30 April 1993, $38 million of this $40 million total had been expended, primarily by transfer to other executing United Nations agencies. The remaining $1.5 million had been designated for activities commencing after 1 April 1993, and this $1.5 million had been transferred to the United Nations Children's Fund (UNICEF).

V. OBSERVATIONS AND CONCLUSIONS

17. The projected cumulative costs through the end of 1993 for the United Nations Special Commission's activities and weapons destruction programme alone totals over $72 million. About $38 million of these costs will be covered from funds already designated in the escrow account and from other contributions, but funding will be needed for at least an additional $34 million over the coming months. A major contract with the International Atomic Energy Agency (IAEA) for approximately $24 million will be ready for signature within the next few days, but there will not be adequate funds to implement the contract unless additional cash is available.

18. The United Nations Compensation Commission has received adequate funds to cover most of its currently projected operational and administrative costs for 1993. No funds are currently available from the escrow account, however, to pay any significant amount of actual claims to injured parties.

19. Cost estimates of the ongoing United Nations Inter-agency Humanitarian Programme for Iraq have not been definitively established, but the projected total for specific project proposals submitted to date by various United Nations agencies and programmes for the period 1 April 1993 to 31 March 1994 comes to $489 million. No further funds are available from the escrow account at the present time for these activities.

20. In the circumstances, additional transfers of frozen funds from Member States that hold such assets and/or significant new voluntary contributions to the escrow account are urgently needed to continue the activities mandated by the Security Council.

Annex

United Nations Inter-agency Humanitarian Cooperation Programme in Iraq

Listing of projects proposed to date*

1 April 1993-31 March 1994

(In United States dollars)

Activity/projects	Agency/ programme	Total funds required for 1 April 1993-31 March 1994
Sector 1		
FOOD ASSISTANCE AND NUTRITION		
Project 1 - Food assistance to seriously affected groups	WFP	114 295 650
Project 2 - Food-for-work	WFP	3 700 000
Project 3 - Supplementary feeding for school children	WFP	20 700 000
Project 4 - Nutrition	UNICEF	3 000 000
Subtotal		141 695 650
Sector 2		
AGRICULTURAL ASSISTANCE		
Project 1 - Crop protection against sunnpest infestation	FAO	9 350 000
Project 2 - Grain-seed exchange	FAO	4 000 000
Project 3 - Provision of certified wheat seed and fertilizer	FAO	30 950 000
Project 4 - Agricultural machinery and portable pumps	FAO	42 000 000
Project 5 - Improvement of vegetable production in southern governorates	FAO	3 690 000

Activity/projects	Agency/ programme	Total funds required for 1 April 1993-31 March 1994
Project 6 - Provision of vegetable and pulse seeds	FAO	8 700 000
Project 7 - Provision of poultry	FAO	4 250 000
Project 8 - Provision of veterinary inputs and feed concentrates	FAO	15 200 000
Project 9 - Provision of pesticides	FAO	3 445 000
Project 10 - Provision of apiaries	FAO	3 300 000
Project 11 - Rehabilitation of palm dates production	FAO	310 000
Project 12 - Improvement of sugar cane production	FAO	2 175 000
Project 13 - Improvement of irrigation canals	FAO	2 343 000
Subtotal		129 713 000
Sector 3		
HEALTH		
Basic health		
Project 1 - Epidemiological surveillance	WHO	3 000 000
Project 2 - Provision of life-saving drugs and supplies	WHO	23 000 000
Project 3 - Vector control	WHO	8 000 000
Project 4 - Monitoring of inputs	WHO	750 000
Project 5 - Evaluation and training activities	WHO	2 000 000
Project 6 - Basic health	UNICEF	4 000 000
Project 7 - Immunization	UNICEF	3 000 000
Project 8 - Control of diarrhoeal diseases	UNICEF	4 000 000

Activity/projects	Agency/ programme	Total funds required for 1 April 1993-31 March 1994
Project 9 - Control of acute respiratory infections	UNICEF	3 000 000
Project 10 - Childhood disability	UNICEF	1 000 000
Water supply and sanitation		
Project 1 - Water and waste monitoring	WHO	3 250 000
Project 2 - Water supply and sanitation activities	UNICEF	15 000 000
Subtotal		70 000 000
Sector 4		
COMMUNITY REHABILITATION AND ASSISTANCE		
Education		
Project 1 - Provision of educational assistance	UNESCO/ UNICEF	10 400 000
Shelter		
Project 1 - Shelter	DHA/UNDP-OPS	19 100 000
Road repair and maintenance		
Project 1 - Road repair and maintenance	DHA-IRCU	1 500 000
Mines		
Project 4 - Mines-related activities	DHA/UNDP-OPS	1 250 000
Energy provision		
Project 1 - Fuel provision	UNICEF	45 000 000
Project 2 - Electrical power transmission and generation	DHA/UNDP-OPS	1 500 000
Project 3 - Assessment of electrical power needs	DHA/UNDP-OPS	165 000

Activity/projects	Agency/ programme	Total funds required for 1 April 1993-31 March 1994
Rural women		
Project 1 - Income generation for rural women	UNDP	1 000 000
Rural households		
Project 1 - Rural household food security	UNICEF	1 733 785
Social welfare institutions		
Project 1 - Support for social welfare institutions	UNDP	1 125 000
Municipal services		
Project 1 - Municipal sanitation	DHA/UNOPS	7 473 000
Refugees		
Project 1 - Refugees and returnees	UNHCR	0
Subtotal		90 246 785
Sector 5		
PROGRAMME SUPPORT		
Project 1 - Programme coordination	DHA-SUI/IRCU	5 623 500
Project 2 - United Nations Guards	DHA-SUI/UNFOD	50 665 550
Project 3 - United Nations Volunteers	UNV	1 280 000
Subtotal		57 569 050
Grand total		489 224 485

* The projects listed in the above table are intended to address critical needs identified by the Department for Humanitarian Affairs and United Nations agencies/programmes. The list is not exhaustive, and additional projects will be prepared as required and as funds become available.